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W-2 CONTRACT EXHIBIT A

RFP Appendix 9.14: W-2 CONTINGENCY FUND

INTRODUCTION

The W-2 program provides a broad array of employment and training services to help eligible Wisconsin residents obtain and maintain viable, self-sustaining employment. To meet this objective, W-2 agencies manage multiple employment support programs, such as Food Stamps, Medicaid/BadgerCare and Child Care, for eligible working families. Families temporarily incapable of self-sufficiency through unsubsidized employment may be placed in W-2 payment positions while overcoming barriers to independent employment.

Providing supportive services to an ever-increasing number of families who are above the eligibility levels for cash benefits is a positive outcome for W-2 agencies and is supported by the performance bonus criteria built into the W-2 contract.

Extraordinary and unmanageable increases in W-2 cash benefit caseloads (from the April 2001 projection) due to economic downturn or a crisis beyond the control of the W-2 agency may be addressed by disbursements from the W-2 Contingency Fund subject to approval by the Legislative Joint Committee on Finance. This document describes the criteria and process under which Contingency Funds may be requested.

Contingency Funds are a last resort source of funding. The Department expects agencies will use all other unallocated TANF resources at the disposal of the W-2 agency via contract with the Department and make an effort to maximize the use of resources of agencies and local partners.

CRITERIA FOR ACCESS

Agencies must meet all of the following criteria:

1. A. Agency cash benefit caseload has increased due to crisis beyond the control of the agency

or

- B. Agency W-2 cash benefit caseload has increased (from the April 2001 projection) due to an economic downturn. An economic downturn is defined as at least a one percent (1%) decrease in employment in the agency's county or regional geographic area based on the monthly, seasonally adjusted current employment statistics report compiled by the Department.
- 2. Prior to the end of the contract, without Contingency Funds, agencies will exhaust:
 - A. Contract dollars One hundred percent (100%) of the State's budget for benefits; and have expended the services/administration budget to the extent where further expenditures would result in an insufficient budget to maintain adequate services and operations. "Adequate services" includes, but is not limited to the following:
 - -- No waiting lists
 - -- Meeting the Department's minimum caseload ratios
 - -- Not limiting hours of operations
 - -- Meeting the Department's policy requirements;
- 3. Agency expenditures to-date under the Contract have been reasonable as determined by the State upon receipt of a request for contingency funds.



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PROCESS

1. Submit requests through the DES Regional Offices/Department's Contract Managers, include the following:

A. AGENCY JUSTIFICATION and AGENCY PROACTIVE/REACTIVE ACTIONS

- 1) Documentation agency has met criteria for accessing Contingency Funds. A way for agencies to greatly strengthen the required documentation is to document that Community Reinvestment dollars also have been completely expended, particularly if the Community Reinvestment expenditures were made to continue W-2 program operations. The Department and the requesting agency will review the previously approved Community Reinvestment plan (if the W-2 agency has Community Reinvestment funding) and mutually determine whether the plan is still appropriate in view of the changed circumstances. If the Community Reinvestment plan is not appropriate given the circumstances, the Department and the W-2 agency then must agree on an amended Community Reinvestment plan as a full or partial alternative to an application to the Joint Finance Committee for the use of Contingency Funds.
- 2) A. Based on a minimum of the first six months of benefit expenditures the Agency must demonstrate that they will exceed their current actual benefit allocation during the current contract period. Include your current financial information and the methodology you used to arrive at your projection.

or

- B. Any unforeseen circumstances beyond the control of the agency.
- 3) Requests will be considered any time after the first six months of the contract.
- 4) Contingency Fund requests will be submitted to the Department of Workforce Development (DWD) Area Administrator. Within 10 business days the Area Administrator will forward request to the DWD Central Office. Within 10 business days DWD will submit request to Joint Finance.
- 5) Within 30 days upon approval by joint finance 13.10 session the Department will issue a contract addendum to the requesting agencies for the full amount approved by joint finance. This allocation will be restricted to cash benefits and can be accessed immediately upon exhaustion of the original benefit allocation. Any under-spending of the addendum amount will be returned to the Department.
- 6) The W-2 Agency will attend the 13.10 meeting with Department.



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Other related critical issues discussed:

- 1. Immediate access or assurance via contract amendment is critical for some agencies.
- 2. Small Agencies have difficulty in projecting Benefit spending and may need access on a monthly basis.
- 3. Who does projections and what method of projection should be used to forecast benefit needs?
- 4. Do the projections need to be consistent? What about special circumstances (small agency and plant closing)
- 5. We need to look at preserving funding for future needs.
- 6. Should there be an allocation for agencies based on a projected benefit shortfall?
- 7. Subsequent requests should be handled through passive review process.
- 8. The Fund will be accessed on a first come first serve basis.
- 9. How do we prove there is no other funding available to address benefit needs?
- 10. Agency out-clause (Waushara Co.)
- 11. Should we project when our allocation will be exhausted (Region 5 in Feb 2003)
- 12. Agencies were under-funded.
- 13. Is there a mutually acceptable way of communicating with Joint Finance? The fear is we may be at opposite ends on what needs to occur before accessing contingency funds.
- 14. Lobbying members of Joint Finance

Bottom Line

Agencies need sufficient funding to operate W-2 according to its purpose and the commitment to its stakeholders. The agencies, in good faith, went forward with the contracting process with the understanding that the Department would work on resolving any potential overspending/underfunding of benefit allocations.

Background Information: Statewide Benefit expenditures, Appendix 9.14 and Background paper from July 16, 1999

